

APPENDIX
NOT FOR PUBLICATION
FAIRNESS IN AN EMBEDDED ULTIMATUM GAME

Embedded Ultimatum Game

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Simple Ultimatum Game

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1. Embedded Game Instructions

INSTRUCTIONS

This experiment is a study of decision-making. If you make your decisions carefully, you may earn a considerable amount of money that will be paid to you in cash at the end of the experiment. A research grant has provided funding for this study.

Today's experiment will consist of several "rounds". In each round, participants will be randomly and anonymously paired. One player will be "Player A" and the other will be "Player B". Each participant keeps the same player role throughout the experiment. For example, someone who is a Player A in round 1 remains a Player A in all rounds.

During each round, Players A and B will determine a result which in turn determines each player's cash earnings. Each player will have a Record Sheet on which to record information.

Player A earnings. At the end of each round, Player A's **payoff** for the round is recorded on his or her Record Sheet. At the end of the experiment, Player A sums the payoffs from all rounds. This total is divided by 100, and result is Player A's earnings in U.S. dollars. Thus for Player A, earnings for the experiment are:

$$(\text{Sum of Player A's Payoffs from all rounds}) \div 100 = \text{U.S. dollar earnings.}$$

Note that a higher payoff in a given round **increases** Player A's earnings from the experiment.

Player B earnings. At the end of each round, Player B's **cost** for the round is recorded on his or her Record Sheet. At the end of the experiment, Player B sums the costs from all rounds. This sum is **subtracted from** a lump sum. This difference is divided by 100, and the result is Player B's earnings in U.S. dollars. Thus, for Player B, earnings for the experiment are:

$$(\text{Player B Lump Sum} - \text{sum of B's Costs from all rounds}) \div 100 = \text{U.S. dollar earnings.}$$

Note that a higher cost in a given round **decreases** Player B's earnings from the experiment.

Steps of a Round. In a moment, we'll go through some examples. First, we describe the steps in a round. A round consists of the following 6 steps.

1. Player A and Player B are randomly and anonymously paired.
2. A 6-sided die is rolled for each Player A. A roll of **1, 2, or 3** is called **outcome L**. A roll of **4, 5 or 6** is called **outcome H**. Note that outcome L has a $3/6 = 1/2$ or 50% chance of occurring and outcome H has a $3/6 = 1/2$ or 50% chance of occurring.
3. Player B is then informed as to the outcome of the die roll (H or L). After being informed, Player B decides on an offer to submit to Player A. This offer may be any number between (and including) 0 and 599.

We will now work through some examples. Please fill in the blanks as indicated. If you have any questions as we proceed, please raise your hand.

These examples are for illustrative purposes only. Any numbers that you see during the experiment may be very different from those in these examples.

Also, as we go through these examples, you will record information for both Player A and Player B. During the experiment, you will be either Player A or Player B, but not both. You will only record your own information.

Example 1. The die will now be rolled. Recall that a 1, 2 or 3 results in outcome L, and a 4, 5 or 6 results in outcome H. (The experimenter rolls the die, a participant verifies, and the result is announced.) Below on line 1 of A's Record Sheet, please circle the relevant letter to indicate the outcome.

Player B is then informed as to the outcome of the die roll. On line 1 of B's Record sheet, please circle the relevant letter. Player B then decides on an offer. In this example, the Random Number will be used as Player B's offer. Please enter this offer on line 2 of B's Record Sheet.

Player A is then informed of B's offer. Please write B's offer on line 2 of A's Record Sheet.

Assume that Player A accepts Player B's offer. Please circle "Yes" on Line 3 of A's Record Sheet.

Player B is then informed of A's decision. Please circle "Yes" on line 3 of B's Record Sheet.

Recall that when Player A accepts Player B's offer,

$$\begin{aligned} \text{Player A's Payoff for the round} &= \text{Player B's offer} \\ \text{Player B's Cost for the round} &= \text{Player B's offer.} \end{aligned}$$

Please enter Player B's offer as the Payoff on line 4 of A's Record Sheet and as the Cost on line 4 of B's Record Sheet

Player A's Record Sheet			Player B's Record Sheet		
Round <u>Example 1</u>			Round <u>Example 1</u>		
1. Outcome	L	H	1. Outcome	L	H
2. Player B's Offer	_____		2. Offer to Player A	_____	
3. Accept?	Yes	No	3. Accepted?	Yes	No
4. Payoff	_____		4. Cost	_____	

Are there any questions about this example? If so, please raise your hand.

Example 2. This example is identical to the previous one, except we'll assume that Player A does not accept Player B's offer.

We'll use the same outcome of the die roll as in the previous example. Please circle the relevant letter on A's Record Sheet to indicate the outcome. Note that in today's experiment, there will be a new die roll every round.

Please circle the relevant letter on line 1 of B's Record Sheet. We'll use the Random Number again as B's offer. Please enter this offer on line 2 of B's Record Sheet.

Player A is then informed of B's offer. Please write B's offer on line 2 of A's Record Sheet.

Assume that A does not accept B's offer. Please circle "No" on Line 3 of A's Record Sheet.

Player B is then informed of A's decision. Please circle "No" on line 3 of B's Record Sheet.

Recall that when Player A does not accept Player B's offer,

<u>Outcome L.</u> (die roll is 1, 2 or 3)	Player A's Payoff for the round = $200 - 75 = 125$
	Player B's Cost for the round = $200 + 75 = 275$

<u>Outcome H.</u> (die roll is 4, 5 or 6)	Player A's Payoff for the round = $400 - 75 = 325$
	Player B's Cost for the round = $400 + 75 = 475$

So in this example, Player A's **Payoff** for the round = _____ - _____ = _____.
Please enter this Payoff on line 4 of A's Record Sheet.

And in this example, Player B's **Cost** for the round = _____ + _____ = _____.
Please enter this Cost on line 4 of B's Record Sheet.

Player A's Record Sheet	Player B's Record Sheet
Round <u>Example 2</u>	Round <u>Example 2</u>
1. Outcome L H	1. Outcome L H
2. Player B's Offer _____	2. Offer to Player A _____
3. Accept? Yes No	3. Accepted? Yes No
4. Payoff _____	4. Cost _____

Are there any questions about this example? If so, please raise your hand.

Example 3: Earnings Calculations. We'll now do some earnings calculations, based on the examples above. Remember that these are only examples.

Player A. Recall that Player A's earnings from the experiment are:

$$(\text{Sum of Player A's Payoffs from all rounds}) \div 100 = \text{U.S. dollar earnings.}$$

$$\text{Sum of Payoffs from both example rounds} = \frac{\quad}{(\text{Example 1})} + \frac{\quad}{(\text{Example 2})} = \underline{\quad}.$$

$$\text{Sum of Payoffs} = \underline{\quad} \div 100 = \$ \underline{\quad}$$

Player B. Recall that Player B's earnings from the experiment are:

$$(\text{Player B Lump Sum} - \text{sum of B's Costs from all rounds}) \div 100 = \text{U.S. dollar earnings}$$

$$\text{Sum of Costs from both example rounds} = \frac{\quad}{(\text{Example 1})} + \frac{\quad}{(\text{Example 2})} = \underline{\quad}.$$

Assume that B's lump sum is 1100. Please complete the blanks below.

$$\text{Player B Lump Sum} = \underline{\quad 1100 \quad}$$

$$\text{Sum of Costs from all rounds} = \underline{\quad}$$

$$\text{Player B Lump Sum} - \text{sum of Costs} = \underline{\quad} \div 100 = \$ \underline{\quad}$$

Are there any questions about this example? If so, please raise your hand.

Closing Remarks

1. Remember that each round, a new random pairing of Player A and Player B is used. Neither participant will know the identity of the person with whom they are paired.
2. Anytime that a participant records information on his or her Record Sheet, an experimenter will also record the information on a separate sheet. There may be short pauses while the experimenters record and communicate decisions. Please sit quietly. The experimenters will make sure that there are no unnecessary delays.
3. Please do not talk with other participants, or look at other participants' Record Sheets. If anyone communicates in any way other than the manner described in these instructions, the experiment will be terminated.
4. You are encouraged to ask questions. If you are confused, it could affect your ability to earn money. Any time you have a question, please raise your hand. An experimenter will assist you.

Are there any questions?

2. Player A Private Instructions

Announcement for Player A Records Sheets, ID # _____

1. Everyone in this room is a Player A. The B players are seated in another room. The participants in the other room received the same instructions that you have received. The experiment will be conducted exactly as described by the instructions.
2. Each of you has been given a Payoff and Earnings Summary. Please take a moment to look at this Summary. The top portion reviews how your Payoff is computed each round. The lower portion will be used to compute your total earnings at the end of the experiment.
3. Each of you has been given several Record Sheets. More will be provided if necessary. Notice that your first Record Sheet shows Rounds 1, 2 and 3 in the left column and Rounds 4, 5 and 6 are in the right column. The same format is followed on all Record Sheets.
4. An overhead will display the Payoffs to Player A and the Costs to Player B that apply under each possible outcome of a round.
5. Each of you has been given two copies of a Consent Form. This protects your rights as a participant in this study. Please read, sign and date one copy. An experimenter will collect it from you. You make keep the second copy for your records, if you wish.
6. Any time you have a question, please raise your hand. An experimenter will assist you.

3. Player *A* Record Sheet

Record Sheet for Player A, ID # _____

Round _____

1. Outcome L H
2. Player B's Offer _____
3. Accept? Yes No
4. Payoff _____

Round _____

1. Outcome L H
2. Player B's Offer _____
3. Accept? Yes No
4. Payoff _____

Round _____

1. Outcome L H
2. Player B's Offer _____
3. Accept? Yes No
4. Payoff _____

Round _____

1. Outcome L H
2. Player B's Offer _____
3. Accept? Yes No
4. Payoff _____

Round _____

1. Outcome L H
2. Player B's Offer _____
3. Accept? Yes No
4. Payoff _____

Round _____

1. Outcome L H
2. Player B's Offer _____
3. Accept? Yes No
4. Payoff _____

4. Player A Payoff and Earnings Summary

Payoff and Earnings Summary. Player A, ID # _____

1. Review of Payoff each round.

Your Payoff each round is computed as follows. In both cases, note that a higher payoff in a given round **increases** your earnings from the experiment:

- a. If you accept Player B's offer (if "Yes" is circled on line 3 of your Record Sheet), then:

$$\begin{aligned} \text{Your Payoff for the round} &= \text{Player B's offer} \\ \text{Player B's Cost for the round} &= \text{Player B's offer} \end{aligned}$$

Thus, the number on line 4 is the same as the number on line 2 (i.e., line 4 = line 2).

- b. If you do not accept Player B's offer (if "No" is circled on line 3 of your Record Sheet), then your Payoff is determined by the die roll and the fee, which is equal to 75:

$$\begin{array}{lll} \text{Outcome L. (die roll is 1, 2 or 3)} & \text{your Payoff for the round} & = 200 - 75 = 125 \\ & \text{Player B's Cost for the round} & = 200 + 75 = 275 \end{array}$$

$$\begin{array}{lll} \text{Outcome H. (die roll is 4, 5 or 6)} & \text{your Payoff for the round} & = 400 - 75 = 325 \\ & \text{Player B's Cost for the round} & = 400 + 75 = 475 \end{array}$$

2. Computation of Total Earnings from the Experiment

The table below will aid you in computing your total earnings from participation in this experiment.

- a. At the end of the experiment, add together the Payoffs from all the rounds (shown on line 4 for each round on your Record Sheet). Be sure to include all of your Record Sheets.
- b. Your earnings from participation in this experiment are:

$$(\text{Sum of Payoffs from all rounds}) \div 100 = \text{U.S. \$\$ earnings}$$

Sum of Payoffs from all rounds = _____

Sum of Payoffs = _____ \div 100 = \$ _____

5. Player *B* Private Instructions

Announcement for Player B Records Sheets, ID # _____

1. Everyone in this room is a Player B. The A players are seated in another room. The participants in the other room received the same instructions that you have received. The experiment will be conducted exactly as described by the instructions.
2. Each of you has been given a Cost and Earnings Summary. Please take a moment to look at this Summary. The top portion reviews how your Cost is computed each round. The lower portion will be used to compute your total earnings at the end of the experiment. Note that your Player B Lump Sum has been entered on line 2b.
3. Each of you has been given several Record Sheets. More will be provided if necessary. Notice that your first Record Sheet shows Rounds 1, 2 and 3 in the left column and Rounds 4, 5 and 6 are in the right column. The same format is followed on all Record Sheets.
4. An overhead will display the Payoffs to Player A and the Costs to Player B that apply under each possible outcome of a round.
5. Each of you has been given two copies of a Consent Form. This protects your rights as a participant in this study. Please read, sign and date one copy. An experimenter will collect it from you. You make keep the second copy for your records, if you wish.
6. Any time you have a question, please raise your hand. An experimenter will assist you.

6. Player *B* Record Sheet

Record Sheet for Player B, ID # _____

Round _____

1. Outcome L H
2. Offer to Player A _____
3. Accepted? Yes No
4. Cost _____

Round _____

1. Outcome L H
2. Offer to Player A _____
3. Accepted? Yes No
4. Cost _____

Round _____

1. Outcome L H
2. Offer to Player A _____
3. Accepted? Yes No
4. Cost _____

Round _____

1. Outcome L H
2. Offer to Player A _____
3. Accepted? Yes No
4. Cost _____

Round _____

1. Outcome L H
2. Offer to Player A _____
3. Accepted? Yes No
4. Cost _____

Round _____

1. Outcome L H
2. Offer to Player A _____
3. Accepted? Yes No
4. Cost _____

7. Player B Cost and Earnings Summary

Cost and Earnings Summary. Player B, ID # _____

1. Review of Cost each round.

Your Cost each round is computed as follows. In both cases, note that a higher Cost in a given round **decreases** your earnings from the experiment:

- a. If your offer is accepted (if “Yes” is circled on line 3 of your Record Sheet) then:

$$\begin{array}{l} \text{Player A's Payoff for the round} \quad = \text{your offer} \\ \text{Your Cost for the round} \quad = \text{your offer} \end{array}$$

Thus, the number on line 4 is the same as the number on line 2 (i.e., line 4 = line 2).

- b. If your offer is not accepted (if “No” is circled on line 3 of your record sheet), then your Cost is determined by the die roll and the fee, which is equal to 75:

$$\begin{array}{l} \text{Outcome L. (die roll is 1, 2, or 3)} \quad \text{Player A's Payoff for the round} = 200 - 75 = 125 \\ \text{Your Cost for the round} \quad = 200 + 75 = 275 \end{array}$$

$$\begin{array}{l} \text{Outcome H. (die roll is 4, 5, or 6)} \quad \text{Player A's Payoff for the round} = 400 - 75 = 325 \\ \text{Your Cost for the round} \quad = 400 + 75 = 475 \end{array}$$

The experimenter will ensure that your Payoff accurately reflects the roll of the die.

2. Computation of Total Earnings from the Experiment

The table below will aid you in computing your total earnings from participation in this experiment.

- a. At the end of the experiment, add together the Costs from all the rounds (shown on line 4 for each round on your Record Sheet). Be sure to include all of your Record Sheets.
- b. Your earnings from participation in this experiment are:
(Player B Lump Sum - sum of Costs from all rounds) \div 100 = U.S. \$\$ earnings

$$\text{Player B Lump Sum} \quad = \quad \underline{6900}$$

$$\text{Sum of Costs from all rounds} \quad = \quad \underline{\hspace{2cm}}$$

$$\text{Payer B Lump Sum} - \text{sum of Costs} \quad = \quad \underline{\hspace{2cm}} \quad \div 100 = \$ \underline{\hspace{2cm}}$$

8. Simple Ultimatum Game Instructions

INSTRUCTIONS

This experiment is a study of decision-making. If you make your decisions carefully, you may earn a considerable amount of money that will be paid to you in cash at the end of the experiment. A research grant has provided funding for this study.

Today's experiment will consist of several "rounds". In each round, participants will be randomly and anonymously paired. One player will be "Player A" and the other will be "Player B". Each participant keeps the same player role throughout the experiment. For example, someone who is a Player A in round 1 remains a Player A in all rounds.

During each round, Players A and B will determine a result which in turn determines each player's cash earnings. Each player will have a Record Sheet on which to record information.

Earnings. At the end of each round, each player records his or her **payoff** for the round on his or her Record Sheet. At the end of the experiment, each player sums his or her payoffs from all rounds. This total is divided by 100, and the result is that player's earnings in U.S. dollars. Thus for each player, earnings for the experiment are:

$$(\text{Sum of Payoffs from all rounds}) \div 100 = \text{U.S. dollar earnings.}$$

Note that a higher payoff in a given round **increases** a player's earnings from the experiment.

Steps of a Round. In a moment, we'll go through some examples. First, we describe the steps in a round. A round consists of the following 6 steps.

1. Player A and Player B are randomly and anonymously paired.
2. Both players are informed as to the value of X that applies for the round.
3. Player B decides on an offer to submit to Player A. This offer may be any number between (and including) 0 and X.
4. Player B's offer is then communicated to Player A. Player A is given a few moments to decide whether or not to accept the offer. Player A's decision is then communicated to Player B.
5. If Player A accepts Player B's offer, then
Players A's **Payoff** for the round = Player B's offer
Player B's **Payoff** for the round = X - Player B's offer
6. If Player A does not accept B's offer, then
Players A's **Payoff** for the round = 0.
Player B's **Payoff** for the round = 0.

After all pairs have completed the round, new random and anonymous pairings are made, and the next round begins. Are there any questions about the steps in a round?

A random number for some examples. We will now generate two Random Numbers between (and including) 0 and 999. This 3-digit number will be used in some examples below. An experimenter will now display ten cards that are numbered 0 through 9.

1. All ten cards (0 through 9) will be shuffled, and the top card will be turned over and displayed to everyone. The number on the card will be the first digit of the first Random Number.
2. Next, all ten cards will be reshuffled, and the top card will be turned over and displayed to everyone. The number on this card will be the second digit of first Random Number.
3. The procedure will be repeated to get the third digit of first Random Number.

Please record the results here: 1st Random Number.

digit 1 digit 2 digit 3

Steps 1,2 and 3 will be repeated to generate a second Random Number.

Please record the results here: 2nd Random Number.

digit 1 digit 2 digit 3

We will now work through some examples. Please fill in the blanks as indicated. If you have any questions as we proceed, please raise your hand.

These examples are for illustrative purposes only. Any numbers that you see during the experiment may be very different from those in these examples.

Also, as we go through these examples, you will record information for both Player A and Player B. During the experiment, you will be either Player A or Player B, but not both. You will only record your own information.

Example 2. This example is identical to the previous one, except we'll assume that Player A does not accept Player B's offer.

For the purpose of illustration, we'll again use the larger of our two Random Numbers as the value of X. Please fill in the value of X on line 1 of both players' record sheets.

We'll again use the smaller of the two Random Numbers as B's offer. Please enter this offer on line 2 of B's Record Sheet.

Player A is then informed of B's offer. Please write B's offer on line 2 of A's Record Sheet.

Assume that A does not accept B's offer. Please circle "No" on Line 3 of A's Record Sheet.

Player B is then informed of A's decision. Please circle "No" on line 3 of B's Record Sheet.

Recall that when Player A does not accept Player B's offer,

Player A's **Payoff** for the round = 0
 Player B's **Payoff** for the round = 0

Please enter 0 on line 4 of A's Record Sheet and 0 on line 4 of B's Record Sheet.

Player A's Record Sheet	Player B's Record Sheet
Round <u>Example 2</u>	Round <u>Example 2</u>
1. X = _____	1. X = _____
2. Player B's Offer _____	2. Offer to Player A _____
3. Accept? Yes No	3. Accepted? Yes No
4. Payoff _____	4. Payoff _____

Are there any questions about this example? If so, please raise your hand.

Example 3: Earnings Calculations. We'll now do some earnings calculations, based on the examples above. Remember that these are only examples.

Player A. Recall that Player A's earnings from the experiment are:

$$(\text{Sum of Payoffs from all rounds}) \div 100 = \text{U.S. dollar earnings.}$$

$$\text{Sum of Payoffs from both example rounds} = \frac{\quad}{(\text{Example 1})} + \frac{\quad}{(\text{Example 2})} = \quad.$$

$$\text{Sum of Payoffs} = \quad \div 100 = \$ \quad$$

Player B. Recall that Player B's earnings from the experiment are:

$$(\text{Sum of Payoffs from all rounds}) \div 100 = \text{U.S. dollar earnings.}$$

$$\text{Sum of Payoffs from both example rounds} = \frac{\quad}{(\text{Example 1})} + \frac{\quad}{(\text{Example 2})} = \quad.$$

$$\text{Sum of Payoffs} = \quad \div 100 = \$ \quad$$

Are there any questions about this example? If so, please raise your hand.

Closing Remarks

1. Remember that each round, a new random pairing of Player A and Player B is used. Neither participant will know the identity of the person with whom they are paired.
2. Anytime that a participant records information on his or her Record Sheet, an experimenter will also record the information on a separate sheet. There may be short pauses while the experimenters record and communicate decisions. Please sit quietly. The experimenters will make sure that there are no unnecessary delays.
3. Please do not talk with other participants, or look at other participants' Record Sheets. If anyone communicates in any way other than the manner described in these instructions, the experiment will be terminated.
4. You are encouraged to ask questions. If you are confused, it could affect your ability to earn money. Any time you have a question, please raise your hand. An experimenter will assist you.

Are there any questions?

Player A Private Instructions

Announcement for Player A Records Sheets, ID # _____

1. Everyone in this room is a Player A. The B players are seated in another room. The participants in the other room received the same instructions that you have received. The experiment will be conducted exactly as described by the instructions.
2. Each of you has been given a Payoff and Earnings Summary. Please take a moment to look at this Summary. The top portion reviews how your Payoff is computed each round. The lower portion will be used to compute your total earnings at the end of the experiment.
3. Each of you has been given several Record Sheets. More will be provided if necessary. Notice that your first Record Sheet shows Rounds 1, 2 and 3 in the left column and Rounds 4, 5 and 6 are in the right column. The same format is followed on all Record Sheets.
4. An overhead will display the value of X that applies for the round and Payoffs to Player A and Player B that apply under each possible outcome of that round.
5. Each of you has been given two copies of a Consent Form. This protects your rights as a participant in this study. Please read, sign and date one copy. An experimenter will collect it from you. You make keep the second copy for your records, if you wish.
6. Any time you have a question, please raise your hand. An experimenter will assist you.

10. Player A Record Sheet

Record Sheet for Player A, ID # _____

Round _____

1. X = _____

2. Player B's Offer _____

3. Accept? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Player B's Offer _____

3. Accept? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Player B's Offer _____

3. Accept? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Player B's Offer _____

3. Accept? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Player B's Offer _____

3. Accept? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Player B's Offer _____

3. Accept? Yes No

4. Payoff _____

11. Player A Payoff and Earnings Summary

Payoff and Earnings Summary. Player A, ID # _____

1. Review of Payoff each round.

Your Payoff each round is computed as follows. Note that a higher payoff in a given round **increases** your earnings from the experiment:

- c. If you accept Player B's offer (if "Yes" is circled on line 3 of your Record Sheet), then:

$$\begin{aligned}\text{Your Payoff for the round} &= \text{Player B's offer} \\ \text{Player B's Payoff for the round} &= X - \text{Player B's offer}\end{aligned}$$

Thus, the number on line 4 is the same as the number on line 2 (i.e., line 4 = line 2).

- d. If you do not accept Player B's offer (if "No" is circled on line 3 of your Record Sheet), then

$$\begin{aligned}\text{Your Payoff for the round} &= 0 \\ \text{Player B's Payoff for the round} &= 0\end{aligned}$$

2. Computation of Total Earnings from the Experiment

The table below will aid you in computing your total earnings from participation in this experiment.

- c. At the end of the experiment, add together the Payoffs from all the rounds (shown on line 4 for each round on your Record Sheet). Be sure to include all of your Record Sheets.

- d. Your earnings from participation in this experiment are:

$$(\text{Sum of Payoffs from all rounds}) \div 100 = \text{U.S. \$\$ earnings}$$

$$\text{Sum of Payoffs from all rounds} = \underline{\hspace{2cm}} \div 100 = \$ \underline{\hspace{2cm}}$$

12. Player *B* Private Instructions

Announcement for Player B Records Sheets, ID # _____

1. Everyone in this room is a Player B. The A players are seated in another room. The participants in the other room received the same instructions that you have received. The experiment will be conducted exactly as described by the instructions.
2. Each of you has been given a Payoff and Earnings Summary. Please take a moment to look at this Summary. The top portion reviews how your Payoff is computed each round. The lower portion will be used to compute your total earnings at the end of the experiment.
3. Each of you has been given several Record Sheets. More will be provided if necessary. Notice that your first Record Sheet shows Rounds 1, 2 and 3 in the left column and Rounds 4, 5 and 6 are in the right column. The same format is followed on all Record Sheets.
4. An overhead will display the value of X that applies for the round and Payoffs to Player A and Player B that apply under each possible outcome of that round.
5. Each of you has been given two copies of a Consent Form. This protects your rights as a participant in this study. Please read, sign and date one copy. An experimenter will collect it from you. You make keep the second copy for your records, if you wish.
6. Any time you have a question, please raise your hand. An experimenter will assist you.

13. Player *B* Record Sheet

Record Sheet for Player B, ID # _____

Round _____

1. X = _____

2. Offer to Player A _____

3. Accepted? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Offer to Player A _____

3. Accepted? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Offer to Player A _____

3. Accepted? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Offer to Player A _____

3. Accepted? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Offer to Player A _____

3. Accepted? Yes No

4. Payoff _____

Round _____

1. X = _____

2. Offer to Player A _____

3. Accepted? Yes No

4. Payoff _____

14. Player B Payoff and Earnings Summary

Payoff and Earnings Summary. Player B, ID # _____

1. Review of Payoff each round.

Your Payoff each round is computed as follows. Note that a higher payoff in a given round **increases** your earnings from the experiment:

- a. If your offer is accepted (if “Yes” is circled on line 3 of your Record Sheet) then:

$$\begin{aligned} \text{Player A's Payoff for the round} &= \text{your offer} \\ \text{Your Payoff for the round} &= X - \text{your offer} \end{aligned}$$

Thus, the number on line 4 is the same as the number on line 2 (i.e., line 4 = line 2).

- b. If your offer is not accepted (if “No” is circled on line 3 of your Record Sheet), then

$$\begin{aligned} \text{Player A's Payoff for the round} &= 0 \\ \text{Your Payoff for the round} &= 0 \end{aligned}$$

2. Computation of Total Earnings from the Experiment

The table below will aid you in computing your total earnings from participation in this experiment.

- a. At the end of the experiment, add together the Payoffs from all the rounds (shown on line 4 for each round on your Record Sheet). Be sure to include all of your Record Sheets.
- b. Your earnings from participation in this experiment are:

$$(\text{Sum of Payoffs from all rounds}) \div 100 = \text{U.S. \$\$ earnings}$$

$$\text{Sum of Payoffs from all rounds} = \underline{\hspace{2cm}} \div 100 = \$ \underline{\hspace{2cm}}$$